

October 5, 1999

## **Clinton-Gore Administration Forecloses Prospect of a Tax Cut** **Clinton's "Work with Me" Means "Spend with Me"**

Interpreting the opaque utterances of the Clinton-Gore Administration often is challenging, but last week unmistakable smoke signals emanated from the White House: the non-Social Security surplus is to be used for spending — not a middle-class tax cut. In the wake of the President's telegraphed opposition to tax cuts with his veto of the broad-based middle-class tax cut, the press is now reporting the President will not sign even the modest \$23-billion tax cut (known as the "extenders" bill) currently working its way through the Congress.

This is definitive evidence that the Clinton-Gore Administration doesn't merely oppose a broad-based tax cut, but *any* tax cut.

This stance takes to the Clinton-Gore anti-tax-cut view to an extremist level. The President's team effectively now claims for the first time that none of the Republican budget's nearly trillion-dollar non-Social Security surplus (projected over the next ten years) can be used for tax relief. This is a flip-flop from the President's earlier claim of support for a \$300-billion tax cut. Furthermore, it makes clear what Clinton and Gore plan to do with the projected non-Social Security surplus. They intend to spend it — every cent of it.

In short, the "work with me" phrase continually reiterated in public by President Clinton of late, translates into "spend with me."

### **Even \$23 Billion is Too Large a Tax Cut for Clinton-Gore**

In contrast to the sweeping \$792-billion (over ten years) middle-class tax cut Clinton recently vetoed, the small tax relief package costs just \$23 billion over five years. The bill continues a tax provision allowing middle-class families to continue to receive the benefit of certain nonrefundable tax credits — such as the \$500-per-child — which would otherwise be lost due to the arcane and complex nature of the alternative minimum tax (AMT). In addition, the bill simply extends a handful of small expiring tax relief provisions, a regular occurrence in tax legislation. The bill does not spend a single cent of the Social Security surplus (the tax cut is offset in 2000, the only year when this could be a concern).

In short, the bill contains no controversial items and is a regular legislative occurrence. Yet, this Administration would oppose it — *apparently and only because it means that much less would be available for spending.*

According to *CongressDaily*: "The Clinton administration also is dampening the prospects for even the modest extenders bill approved Friday by the House Ways and Means Committee. The Administration is taking issue with the fact that only one of the five years laid out in the plan would be offset" [9/27/99].

Lest there be any doubt about this new Administration position, Senator Bob Graham (D-FL) underscored the new liberal opposition line: "No surplus — Social Security or non-Social Security — should be spent until we have done two things: assured the solvency of Social Security for three generations and strengthened Medicare" [*CongressDaily AM*, 9/29/99].

## **Clinton-Gore's Fiscal Flip-Flop**

Interestingly, this position of no-new-tax-cuts has moved from a few months ago when Congress debated tax cuts. In July Democrats offered a \$295-billion tax cut. The Senate rejected it, 39-60, with six Democrats joining all Republicans, among them Senator Graham. President Clinton reportedly supported it. This \$295-billion figure was not offset, nor was it contingent upon legislation affecting Social Security or Medicare.

## **No-New-Tax-Cuts *Does* Mean More Spending . . . And Vice Versa**

President Clinton has been positively plaintive when it comes to appearing to seek cooperation with the Republican Congress. His fiscal flip-flop on tax cuts gives Congress every reason to be once more apprehensive about Clinton's sincerity. Quoting again:

"Speaking at the White House before departing for New Orleans, the president once again importuned the GOP, using the phrase 'work with me' or its equivalent no less than eight times." [*CongressDaily*, 9/27/99]

Just three days later, President Clinton expressed what he really has meant all along: no room for tax cuts because he intends to spend the money. Highlighting the constraints imposed by next year's small non-Social Security surplus, President Clinton stated:

"... If we decide to *spend this money together*, if we jointly agree on it . . ."  
[President Clinton, online transcript of remarks on signing the continuing funding resolution, 9/30/99]

## **No Surprise: Clinton's Budget Told Us So**

None of this should come as a surprise. Not the fact that President Clinton would say one thing — support a tax cut that used \$295 billion of the non-Social Security surplus two months ago — and now do another — oppose a tax cut that is not even a fraction of the other. And certainly we should not be surprised that the Clinton-Gore Administration wants more spending. That is something the Congressional Budget Office (CBO) projected months ago when it analyzed the Administration's revised budget.

- According to CBO's estimate, the President's revised budget would, over the next ten years, *reduce* the projected 2000-2009 surplus from \$2.896 trillion to \$1.959 at the same time that it would increase taxes by \$95 billion. That difference (not counting the tax increases) amounts to \$937 billion.
- Then, accounting for the \$95 billion in additional taxes (without which the surplus would be another \$95 billion lower) what we have is a figure of \$1.032 trillion. That's how much more over the next ten years the President plans to spend.
- This amount — \$1.032 trillion — more than erases the entire \$996-billion 10-year non-Social Security surplus projected under the Republican Congressional budget.

### **It's What Clinton Does, Not What He Says**

After almost seven years and countless examples, the disconnect between the Clinton-Gore Administration's words and its actions is still breathtaking. In two months the Clinton-Gore Administration has:

- Flip-flopped from its stance of support for a \$295-billion tax cut paid for by the non-Social Security surplus to its current opposition to a \$23-billion tax cut that allows certain middle-class families to use the tax credits which they were intended to receive and which contains no controversial items.
- Made it completely clear that the \$1-trillion non-Social Security surplus is reserved for spending.
- Confirmed CBO's analysis that the Clinton-Gore budget seeks to increase federal spending by \$1 trillion over the next ten years.

President Clinton's intentions simply do not get any clearer than this. It's to be \$1 trillion more for Washington — even if it means using Social Security money to do it — and not one cent for the American taxpayer. No-new-tax-cuts and Spend-with-me.

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